

CASE 4102: Application of W. H.
McKINLEY FOR AN EXCEPTION TO ORDER
NO. R-3221, AS AMENDED, EDDY CO.

Case Number.

4/02

Application
Transcripts.

Small Exhibits

ETC.

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BEFORE THE

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

April 16, 1969

REGULAR HEARING

IN THE MATTER OF:

Application of W. H.
McKinley for an exception
to Order No. R-3221, as
amended, Eddy County,
New Mexico.

Case No. 4102

BEFORE: A. L. Porter, Jr., Secretary-Director
Alex J. Armijo, Land Commissioner
George Hatch, Counsel

TRANSCRIPT OF HEARING

MR. PORTER: We will take up Case 4102.

MR. HATCH: Case 4102, application of W. H. McKinley for an exception to Order No. R-3221, as amended, Eddy County, New Mexico.

W. H. McKINLEY

the applicant herein, offered himself as a witness, being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HATCH:

Q State your name and identify yourself.

A W. H. McKinley. I am from Roswell, New Mexico. I am in the oil business.

Q Do you have an ownership right in this well or lease? Do you have an ownership interest in this?

A Yes, I have the rights on it.

This is a map of that general area. It is a government map, and within a radius of four and a half miles --

MR. PORTER: What is the location of your oil well?

THE WITNESS: It is in the southeast of the southeast, Section 1, Township 17 South, Range 30 East, Eddy County, New Mexico.

Q Now, that is the southeast of the southeast.

Is your disposal pit located at that same 40 acres?

A No, it is in the southwest of the northeast.

Q Southwest of the northeast?

A Yes.

Q Now --

A I gave that wrong. It is southeast of the northeast.

Q The wells are in the southeast of the southeast?

A Southeast of the northeast. I made a mistake, I'm sorry.

Q And the pit is in the --

A Southwest of the northeast.

Q Southwest of the northeast. Would you proceed to tell us how many wells do you operate?

A There are two.

Q Two wells?

A Yes.

Q How much oil and how much water are they producing?

A Well, No. 1 makes about three barrels of water and oil a day. And No. 2 makes about twelve and a half a day, and seven barrels of oil. However, it's been shut down since the first of March.

Q I am confused. How much oil does each one make?

A Together?

Q How much oil do they make together?

A About nine barrels.

Q And they are producing in a common tank battery?

A Yes, sir.

Q How much water will the two produce a day?

A Well, twelve and a half barrels. But one of them doesn't make any more.

Q So the total water to the pit is approximately twelve and a half barrels a day?

A Yes, sir.

Q And you say that there are no fresh water wells nearer than four and a half miles in any direction?

A That's right. There is one well about six miles south and five miles east, the only well in that area. That is the closest well.

Q That is the nearest well?

A Yes, sir.

Q And what direction is it from your well?

A South and east.

MR. PORTER: Does anyone have any questions?

THE WITNESS: I would like to give you a little

further information.

MR. PORTER: Yes.

THE WITNESS: In the well that is making the water, there is a waterflood adjacent to it to the east, and all at once the well started making quite a bit of oil, about 45 barrels a day, and went to water pretty quick. That is the lower zone.

MR. PORTER: Your well apparently got a response from the waterflood?

THE WITNESS: Yes.

MR. PORTER: Up to 45 barrels a day?

THE WITNESS: Yes, sir, but it went to water pretty quick, and was making about 45 barrels of water. It was making 45 barrels of water and about seven barrels of oil. So I put in my packer, there are three zones in there, it is from the Premier Formation, there are about three zones in all those wells, and decreased that water to twelve and a half barrels of water, and eight barrels of oil. And I believe that with that waterflood heading, it is going to hit that other two formations, and hasn't hit it yet, and whether my packer is leaking, or whether some of that is water from that formation, and went into those upper two zones, I just don't know. But I would like to go in there and check that

a little while longer, and see if the water will decrease further. I believe I had a packer in there about, it was over a month, and pumping the well, and the water decreased. Then if it doesn't, I would like to set a packer above that, and try that upper zone.

Now, at about 2,300 or 2,400, I got about a million cubic feet of gas, which I would like to later on when I can't do anything more with the oil, is open that up. We have a gas line in there. They are taking the gas from what the wells make with the oil.

What I would like to do is be able to test that, run that water in that pit until I could find out just where the water was coming from.

MR. PORTER: Is there anything else you would like to add?

THE WITNESS: Well, it is a federal lease, and I have talked to Mr. Anderson, and he was agreeable what I had planned to do out there. Of course, it would be pretty expensive to make a setup there to get rid of my water, and I am just sure that that water will exhaust.

MR. PORTER: Mr. Nutter, I believe you indicated you had a question?

MR. NUTTER: Yes.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. McKinley, where in relation to the town of Loco Hills is your lease?

A It would be a guess. I imagine about six or seven miles east and north. I can tell you right away.

It is three and a half miles east, and about three miles north.

Q Now, there are some homes at Loco Hills, and also east of Loco Hills directly south of your lease, is that correct?

A Yes, sir.

Q What is the source of water to supply those houses?

A Well, I don't believe there is anybody living in the house in the field. I had my pumper check around there for water wells, and he has lived there 20 years.

Q And the nearest water well would be this one you mentioned earlier some six or seven miles away?

A Yes, sir.

Q And is it a fact, sir, that when these houses that are south of your lease were lived in, if they are not now, that most of the water to supply those houses was hauled in?

A That is what I understand, yes.

Q And the location of your lease is down off the cap rock, it is west of the cap rock?

A Yes.

MR. NUTTER: I believe that is all.

MR. PORTER: Does anyone else have a question?

Do you have anything else, Mr. McKinley?

THE WITNESS: No, I don't.

MR. PORTER: You may be excused. Does anyone have anything further to offer in this case?

THE WITNESS: I would like to leave you this letter, also.

MR. HATCH: Let's mark this as an exhibit.

Mr. McKinley is introducing here just a history of the well.

THE WITNESS: That is what I have done there. Would you care to have an electric log of that well, of that No. 2 Well?

MR. PORTER: Yes, please.

(Whereupon, Applicant's Exhibits Numbers 1 and 2, inclusive, were marked for identification.)

MR. HATCH: This Exhibit 2 is a map, a general map of the area, and he has marked the subject wells on it.

MR. PORTER: The location?

MR. HATCH: Yes.

(Whereupon, Applicant's Exhibit Number 3 was marked for identification.)

MR. HATCH: And Exhibit 3 is a log of which well, would you read it, please?

THE WITNESS: It is an electric log of McKinley No. 2 Federal, Square Lake.

MR. HATCH: That will be Exhibit Number 3. Would you like to move the introduction of Exhibits 1, 2, and 3?

THE WITNESS: Yes.

MR. PORTER: Without objection, Exhibits 1, 2, and 3 of the Applicant will be admitted. If there is nothing further to be offered in this case, the Commission will take it under advisement.

(Whereupon, Applicant's Exhibits Numbers 1, 2, and 3, were admitted in evidence.)

I N D E XWITNESSPAGE

W. H. MCKINLEY

Direct Examination by Mr. Hatch

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Cross Examination by Mr. Nutter

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EXHIBITSMARKEDOFFERED AND
ADMITTEDApplicant's Exhibits
Numbers 1 and 2

8

9

Applicant's Exhibit
Number 3

9

9

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, SAMUEL MORTELETTE, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


COURT REPORTER



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2083 - SANTA FE

87801

April 22, 1969

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. W. H. McKinley
Post Office Box 2145
Roswell, New Mexico 88201

Re: Case No. 4102
Order No. R-3734
Applicant: W. H. McKinley

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, JR.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

Other State Engineer Office

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4102
Order No. R-3734

APPLICATION OF W. H. MCKINLEY
FOR AN EXCEPTION TO ORDER NO.
R-3221, AS AMENDED, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 16, 1969, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 22nd day of April, 1969, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, W. H. McKinley, is the owner and operator of certain wells on his lease covering the NE/4 of Section 1, Township 17 South, Range 30 East, NMPM, Square Lake Grayburg-San Andres Pool, Eddy County, New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any

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CASE No. 4102
Order No. R-3734

other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water, produced by applicant's wells located on his lease covering the NE/4 of said Section 1, in an unlined surface pit located in said quarter section.

(7) That the applicant has a need to dispose of approximately 13 barrels of water per day in the subject pit.

(8) That the evidence indicates that there are no shallow water wells within six miles of the subject lease.

(9) That there appears to be no water in the vicinity of the subject lease for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from said pit.

(10) That the applicant should be permitted to dispose of salt water produced by his wells located in the NE/4 of said Section 1 in an unlined surface pit located in said quarter section.

IT IS THEREFORE ORDERED:

(1) That the applicant, W. H. McKinley, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended,

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CASE No. 4102
Order No. R-3734

to dispose of water produced in conjunction with the production of oil or gas, or both, by his wells located in the NE/4 of Section 1, Township 17 South, Range 30 East, NMPM, Square Lake Grayburg-San Andres Pool, Eddy County, New Mexico, in an unlined surface pit located in said quarter section until further order of the Commission.

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



David F. Cargo
DAVID F. CARGO, Chairman

Alex J. Armijo
ALEX J. ARMIDO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

esr/

Docket No. 11-69

DOCKET: REGULAR HEARING - WEDNESDAY - APRIL 16, 1969

OIL CONSERVATION COMMISSION - 9 A.M. THE HOLIDAY INN, 200 SOUTH LINAM,
HOBBS, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for May, 1969.
- (2) Consideration of the allowable production of gas for May, 1969, from thirteen prorated pools in Lea, Eddy, and Roosevelt Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for May, 1969.

CASE 4099: Application of Joseph L. Dunigan for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface or the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for the Sudderth and Hicks Vickers Well No. 1 located in Unit A of Section 23, Township 20 South, Range 28 East, Russell (Yates) Pool, Eddy County, New Mexico. Applicant seeks authority to continue to dispose of produced salt water in an unlined surface pit located near said well.

CASE 4100: Application of J. M. C. Ritchie for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for four wells located in Sections 16, 20 and 21 of Township 26 South, Range 27 West, Welch-Delaware Pool, Eddy County, New Mexico. Applicant seeks authority to continue to dispose of salt water produced by the four wells in unlined surface pits.

CASE 4101: Application of George H. Mitchell for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas or both, on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for all wells producing from the Pecos-Delaware Pool, Eddy County, New Mexico. Applicant seeks authority for the operators of said wells to continue to dispose of produced water in unlined surface pits servicing said wells.

CASE 4102: Application of W. H. McKinley for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended which order prohibits the disposal of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for the applicant's lease covering the SE/4 of Section 1, Township 17 South, Range 30 East, Square Lake Grayburg-San Andres Pool, Eddy County, New Mexico. Applicant seeks authority to continue to dispose of salt water produced by the wells on said lease in unlined surface pits.

CASE 4103: Application of New Mexico Salt Water Disposal Company, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen and Penrose formations in the perforated interval from approximately 4823 feet to 5146 feet in the Charles B. Read Atlantic Richfield Well No. 2 located 660 feet from the South and West lines of Section 13, Township 19 South, Range 34 East, Quail-Queen Pool, Lea County, New Mexico.

CASE 4104: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the adoption of an administrative procedure whereby the Secretary-Director of the Commission could grant exceptions to Rule 303 (a) of the Commission Rules and Regulations and permit marginal zones in dually completed oil wells to be commingled in the well-bore provided waste would not result thereby, provided dual-flow down-hole choke assemblies or other acceptable mechanical devices were installed, and provided that the total production from both zones would not exceed top allowable for the uppermost zone. Further, to consider an administrative procedure to permit down-hole commingling of low marginal wells approaching their economic limit without the installation of the above-mentioned down-hole equipment.

CASE 4105: Southeastern nomenclature case calling for an order for the creation and extension of certain pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico:

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Cormac-San Andres Pool comprising the following:

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM
Section 17: NE/4

Further, for the assignment of approximately 22,040 barrels of oil discovery allowable to the discovery well Corinne Grace's T. P. State Well No. 1 located in Unit A of said Section 17.

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the South Carlsbad-Morrow Gas Pool. The discovery well is Pennzoil United, Inc., Mobil 12 Federal No. 1 located in Unit G of Section 12, Township 23 South, Range 26 East, NMPM. Said pool should comprise:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
SECTION 12: N/2

(c) Create a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Lusk-Delaware Pool. The discovery well is Pan American Petroleum Corporation, Plains Unit Federal No. 7 located in Unit D of Section 33, Township 19 South, Range 32 East. Said pool should comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
SECTION 33: NW/4

(d) Extend the East Bluit-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
SECTION 13: SW/4

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM
SECTION 18: NW/4

(e) Extend the South Corbin-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
SECTION 29: W/2

(f) Extend the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
SECTION 25: NW/4

(g) Extend the Hobbs-Blinbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
SECTION 29: SW/4

(h) Extend the Imperial Tubb-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
SECTION 21: E/2
SECTION 27: SW/4
SECTION 28: E/2
SECTION 33: NE/4

(i) Extend the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
SECTION 9: SE/4

(j) Extend the South Prairie-Devonian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
SECTION 20: W/2 NE/4

(k) Extend the Sulinar-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM
SECTION 24: S/2 NE/4

(l) Extend the Teague-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
SECTION 33: SE/4

(m) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
SECTION 36: E/2

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM
SECTION 31: SW/4
SECTION 34: NW/4

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM
SECTION 1: NE/4

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM
SECTION 5: NE/4

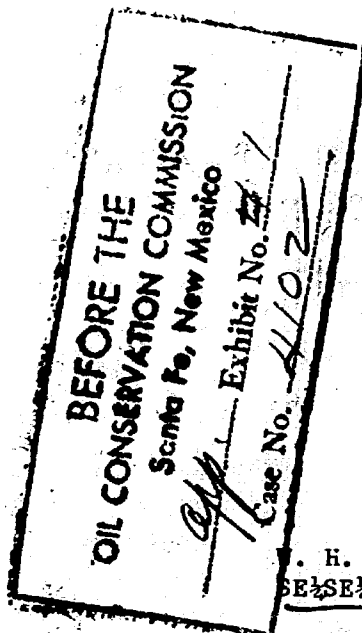
(n) Extend the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
SECTION 1: S/2

TOWNSHIP 21 SOUTH, RANGE 38 EAST, NMPM
SECTION 6: SW/4
SECTION 18: NW/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
SECTION 1: S/2

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
SECTION 6: S/2
SECTION 7: NW/4



W. H. MCKINLEY
P. O. Box 2145
ROSWELL, NEW MEXICO 88201

PHONE 622-5913

*History of
#2 well*

April 15, 1969

BEFORE NEW MEXICO OIL CONSERVATION COMMISSION

Square Lake Field
Lease # LC 029339

W. H. McKinley # 2 Artesia Petroleum Co. Federal
SE $\frac{1}{4}$ Sec. 1, T. 17 S., R. 30 E., Eddy Co., New Mexico

Shallow water wells in area

No shallow water wells within a radius of $4\frac{1}{2}$ miles.
Closest well in SE $\frac{1}{4}$ Sec. 34, T. 17 S., R. 31 E.
T.D. 271 ft.

Pays frac. and produced
2898-2906
2940-2946
3030-3045

Well making 7 barrels oil and 45 barrels water per day.
Packer set between 2946 and 3030 November 21, 1968.
Tested February 28, 1969. 7 barrels oil and water had
decreased to $12\frac{1}{2}$ barrels per day. Well shut in March 1, 1969.

I would like to test the two upper zones further and if water
has not exhausted set packer between 2906 and 2940 to test
upper zone (2898-2906).

There is a gas pay in this well at 2370 est. 1,000,000 cu. ft.

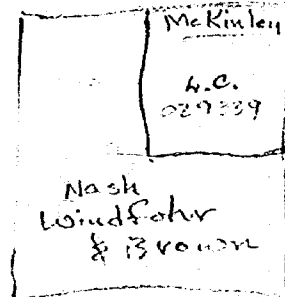
I would like to produce the oil as long as it is possible to
produce it economically and then open the gas zone. The
Skelly Oil Company is now taking the gas produced with the
oil.

These three zones ^{should} be tested properly ~~well~~.

W. H. MCKINLEY
P. O. Box 2145
ROSWELL, NEW MEXICO 88201

March 24, 1969

PHONE 622-5913



69 MAR 26 AM 8 27

Case 4102

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Dear Sir:

I am the leasehold owner of the Federal Oil and Gas Lease Number L. C. 029339 covering the Southeast Quarter of Section 1, Township 17 South, Range 30 East, Square Lake Field, Eddy County, New Mexico.

I wish to request a hearing for an exception to the Oil Conservation Commission of the State of New Mexico Order R 3221, regarding a water problem I have on the above described Oil and Gas Lease.

Yours very truly,

W. H. McKinley
W. H. MCKINLEY

WHMcKinley:rp

DOCKET MAILED

Date 4-2-69